

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF VERMONT**

In re:)	
)	
HERMITAGE INN REAL ESTATE)	Chapter 11
HOLDING COMPANY, LLC,)	Case Nos. 19-10214 (CAB) and
)	19-10276 (CAB)
and)	Jointly Administered
)	
HERMITAGE CLUB, LLC,)	
)	
Debtors.)	
)	

AFFIDAVIT OF PETER A. LANDAUER

The undersigned, Peter A. Landauer, being duly sworn, deposes and states as follows:

1. My name is Peter A. Landauer, and I am a First Vice President of Berkshire Bank (the "Bank").

2. I am an officer in the workout department where I have worked for over ten years. Before that, I was a workout officer at Key Bank for sixteen years.

3. In my position at the Bank, I have responsibility for the loans from the Bank to Hermitage Inn Real Estate Holding Company, LLC ("HIREHC") and Hermitage Club, LLC ("Hermitage Club," and collectively with HIREHC, the "Debtors"). I have had responsibility for these loans for almost three years.

4. During the last three years, I familiarized myself with the loans from the Bank to the Debtors by: (a) working closely with the Debtors' principal Jim Barnes, and the former CFO, Dan Solaz, and former CRO Pat Reinhart, for the fifteen to eighteen months before the Receiver (as defined below) was appointed in the state court foreclosure action; (b) reviewing the Debtors' financial records; (c) reviewing the Bank loan documents with the Debtors, and negotiating

amendments to the Bank loan documents; (d) visiting the Debtors' resort property on a number of occasions; (e) discussing with Jim Barnes, and the former CFO and CRO, various proposals to refinance the Bank loans; and (f) working and cooperating with the Receiver, Alan Tantleff (the "Receiver"), to maintain and preserve Bank's collateral during the foreclosure action.

5. I am making this affidavit in connection with (a) the Debtors' Motion for Final Order (I) authorizing the Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105(a), 362 and 364(c) and (d), (II) Granting Liens and Superpriority Claims to the DIP Lender Pursuant to 11 U.S.C. § 364(c), and (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001 (the "DIP Financing Motion"); (b) the Bank's Objection to the DIP Financing Motion (the "Objection"); and (c) the evidentiary hearing to be held on the Motion and the Objection.

6. On or about September 30, 2013, HIREHC and the Bank entered into that certain Construction Loan Agreement (the "Loan Agreement"), pursuant to which the Bank agreed to make certain loans to HIREHC in the aggregate amount of up to \$20,000,000 (the "Original Loans"). On or about December 3, 2014, the Bank and HIREHC amended the Loan Agreement, and bifurcated the Original Loans into: (i) a \$15,000,000 loan to finance the Base Lodge (the "Base Lodge Loan"), as evidenced by a Second Amended and Restated Promissory Note (Base Lodge Loan) dated December 3, 2014 made by HIREHC and payable to the order of the Bank (the "Second Amended and Restated Base Lodge Note"); and (ii) a \$5,000,000 revolving loan (the "Revolving Loan"), as evidenced by a Second Amended and Restated Revolving Credit Promissory Note dated December 3, 2014 made by HIREHC and payable to the order of the Bank (the "Revolving Note").

7. On or about June 28, 2016, HIREHC executed and delivered to the Bank a Third Amended and Restated Promissory Note (Bridge Loan) in the principal amount of One Million

Dollars (\$1,000,000) (the “Bridge Loan Note”), which Bridge Loan Note amended and restated the Revolving Note in its entirety on a non-revolving basis.

8. On or about July 18, 2017, pursuant to further borrowings and amendments to the Loan Agreement, HIREHC executed and delivered to the Bank an additional promissory note in the original principal amount of \$1,100,000 (the “Second Bridge Loan Note”).

9. The loans evidenced by the Second Amended and Restated Base Lodge Note, the Bridge Loan Note and the Second Bridge Loan Note are hereinafter referred to as the “Bank Loans,” and the three Notes are collectively referred to hereinafter as the “Notes”.

10. As of July 9, 2019, the unpaid balance, including accrued and unpaid interest, late charges and certain capitalized expenses, due to the Bank under the Bank Loans is as follows:

	<u>Balance</u>
Second Amended and Restated Base Lodge Note:	\$18,177,054.17
Bridge Loan Note	\$1,116,186.16
Second Bridge Loan Note:	<u>\$1,168,852.54</u>
Total	\$20,462,092.87

11. Interest accrues on the Notes at the rate the following per diem rates: Second Amended and Restated Based Lodge Note (\$2,536.99), Bridge Loan Note (\$232.86), and Second Bridge Loan Note (\$223.35), which collectively translates to \$84,396.00 in interest accrual for every thirty days.

12. The balance due and owing under the Second Amended and Restated Base Lodge Note includes \$2,593,120.29 in expenses incurred by the Bank in 2018 in connection with preserving the Bank’s collateral and protecting and enforcing its rights under the Bank Loans.

13. In addition to the foregoing capitalized expenses, the Bank has incurred an additional \$1,615,209.08 in expenses since September of 2018 to preserve the collateral and protects its interest under the Bank Loans.

14. The Receiver was appointed in the state court foreclosure action on or about June 6, 2018. Since that time, the Bank has paid the Receiver pursuant to a budget submitted and approved in the state court foreclosure action and the Bank has also paid some expenses, like real estate taxes, insurance, lease payments and utilities directly and not through the Receiver.

15. Attached hereto as Exhibit A is a spreadsheet that I directed be prepared by a Bank employee to keep track of the expenses being incurred by the Bank in connection with the Bank Loans. The spreadsheet includes amounts paid to the Receiver and amounts paid directly by the Bank. I directed that this spreadsheet be prepared in the ordinary course of my duties at the Bank, from the books and records maintained by the Bank as part of the Bank's business activities for the purpose of contemporaneously recording the expenses incurred by the Bank in connection with the Bank Loans. There are likely additional expenses that either have been incurred, but not billed, or possibly billed that have not been presented to the Bank, as of the date hereof.

16. The total amount of the Bank's secured claim is approximately \$22,077,000 as of July 9, 2019.

Executed under the pains and penalties of perjury this 23rd day of July, 2019.

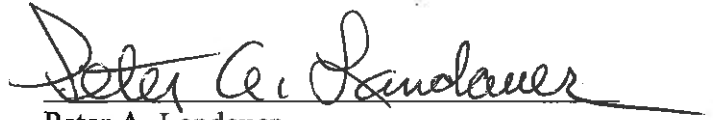

Peter A. Landauer

EXHIBIT A

Hermitage Expense Budget

1) Expense Log - Non-Accrual Legal and Other Expenses 2019 Year To Date & Forecasted

January			February			March			April			May			June		
Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount
1/3/19	Land Lease	85,414.00	2/7 & 19/19	Receiver	88,000.00	2/26/19	Legal	5,303.50	4/1/19	Receiver	82,000.00	5/1/19	Receiver	90,000.00	6/14/19	Receiver	77,000.00
1/8/19	RE Taxes	28,717.12	2/14/19	Legal	8,248.00	2/19/19	Legal	6,642.00	4/30/19	Utilities (Water)	22,012.57	5/23/19	Utilities (Elec)	10,260.00	5/23/19	Legal	4,251.20
1/8/19	RE Taxes	311,799.29	2/20/19	Utilities (Elec)	15,378.67	3/8/19	Receiver	88,000.00	3/15/19	Legal	14,936.37	4/17/19	Legal	3,579.50	6/21/19	Legal	24,762.27
1/9/19	Receiver	52,600.00				3/20/19	Utilities (Water)	45,391.92	4/11/19	Legal	7,346.65	5/9/19	Legal	6,024.50	6/20/19	Utilities	8,676.76
12/10/18	Legal	14,091.35				3/16/19	Utilities (Elec)	13,259.69	4/11/19	Utilities (Elec)	13,108.59						
12/17/18	Legal	7,224.00															
1/23/19	Utilities (Elec)	14,296.04															
Actual - Expensed		514,141.80	Actual - Expensed		111,626.67	Actual - Expensed		158,597.11	Actual - Expensed		139,404.18	Actual - Expensed		109,864.00	Actual - Expensed		114,690.23
Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-
Total		514,141.80	Total		111,626.67	Total		158,597.11	Total		139,404.18	Total		109,864.00	Total		114,690.23

July			August			September			October			November			December		
Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount
7/5/19	Receiver	73,000.00															
7/3/19	Utilities (Elec)	57,334.07															
Actual - Expensed		130,334.07	Actual - Expensed		-	Actual - Expensed		-	Actual - Expensed		-	Actual - Expensed		-	Actual		-
7/15/19	Legal	15,000.00	8/1/19	Receiver	73,000.00												
7/15/19	Utilities (Elec)	12,500.00	8/15/19	Legal	15,000.00												
			8/15/19	Utilities (Elec)	12,500.00												
Forecasted		27,500.00	Forecasted		100,500.00	Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-
Total		157,834.07	Total		100,500.00	Total		-	Total		-	Total		-	Total		-

2019 YTD Actual - Expensed	1,278,658.06
2019 YTD Actual - Forecasted	128,000.00
2019 YTD Actual Expensed & Forecasted	1,406,658.06

Hermitage Expense Budget

1) Expense Log - Non-Accrual Legal and Other Expenses 2018 Year To Date & Forecasted

January			February			March			April			May			June		
Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount
1/10/18	RE Taxes	83,851.00	2/8/18	Legal	14,359.00	3/15/18	Legal	9,473.03	4/11/18	Legal	22,495.06	5/15/18	Legal	23,578.00	6/12/18	Utilities (Wat)	48,105.60
1/31/18	Legal	6,183.00	2/15/18	Legal	6,211.59	3/23/18	Legal	12,313.00	4/12/18	Legal	10,566.40	5/15/18	Legal	10,071.11	6/15/18	Legal	22,132.00
			2/27/18	RE Taxes	55,237.32				4/9/18	Utilities (Elec)	82,554.01	5/15/18	Utilities	79,969.00	6/18/18	Utilities (Elec)	17,754.70
			2/27/18	RE Taxes	18,980.82				4/30/18	Forced-Placed Ins	290,160.00	5/30/18	Utilities	23,543.16			
			2/13/18	Legal	14,505.00				4/11/18	Utilities	48,259.19	5/30/18	Utilities	21,246.08			
									4/11/18	RE Taxes	660,321.58						
Actual - Capitalized		90,034.00	Actual - Capitalized		109,293.73	Actual - Capitalized		21,786.03	Actual - Capitalized		1,114,356.24	Actual - Capitalized		158,407.35	Actual - Capitalized		87,992.30
Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-
Total		90,034.00	Total		109,293.73	Total		21,786.03	Total		1,114,356.24	Total		158,407.35	Total		87,992.30

July			August			September			October			November			December		
Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount	Date	Descr.	Amount
7/2/18	Receiver	80,500.00	8/15/18	RE Taxes	48,896.72	8/31/18	Utilities (Elec)	15,493.15	9/25/18	Legal	7,458.00	11/16/18	Utilities (Elec)	13,061.53	12/31/18	Receiver	52,600.00
7/31/18	Receiver	83,400.00	8/27/18	Receiver	75,400.00	6/27/18	Legal	22,194.04	10/15/18	Legal	2,244.00	11/15/18	Legal	8,976.10	12/21/18	Utilities (Elec)	12,722.35
7/13/18	Utilities (Wat)	59,615.32	8/27/18	Legal	6,397.00	7/26/18	Legal	13,956.00	10/17/18	Utilities (Elec)	12,509.25	10/23/18	Legal	6,555.15	12/31/18	Utilities (Water	23,168.82
7/18/18	RE Taxes	311,799.29				8/31/18	Legal	9,534.00	9/10/18	Appraisal	45,000.00	11/26/18	Receiver	53,100.00			
7/19/18	Utilities (Elec)	14,219.23				9/28/18	Receiver	69,100.00	9/14/18	Appraisal Fee	1,350.00	8/14/18	Legal	9,137.00			
7/30/18	Utilities (Wat)	67,287.00				9/28/18	Utilities (Wat)	119,881.28	10/29/18	Receiver	65,500.00						
						9/28/18	Utilities (Elec)	13,577.61	10/23/18	Utilities (Wat)	23,168.82						
Actual - Capitalized		616,820.84	Actual - Capitalized		130,693.72	Actual - Capitalized		263,736.08	Actual - Expensed		157,230.07	Actual - Expensed		90,829.78	Actual - Expensed		88,491.17
Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-	Forecasted		-
Total		616,820.84	Total		130,693.72	Total		263,736.08	Total		157,230.07	Total		90,829.78	Total		88,491.17

2018 YTD Actual - Capitalized	2,593,120.29
2018 YTD Actual - Expensed	336,551.02
2018 YTD Actual Capitalized + Expensed	2,929,671.31
2018 Forecasted	-
2018 Total	2,929,671.31